

PRESENTATION BY RUSTAM IBRAHIM, YAPPIKA CANADIAN AID PRIORITIES FOR INDONESIA: A CIVIL SOCIETY PERSPECTIVE

The carrying out of the first direct presidential elections ever held in Indonesian history – in a free, fair, democratic and peaceful way – has brought an end to the period of transition towards democracy. Indonesia has now entered a new phase, in the form of consolidation towards a sustainable democratic process. Moreover, Indonesia's Parliament has just passed a new law on regional and local governments, requiring that starting from the middle of next year, regional administrators (governors, regents and mayors) are also to be directly elected.

Undoubtedly, all of this demonstrates the largest achievement of President Megawati Soekarnoputri, whose administration, as part of the "reform order", has been carrying out political reforms in Indonesia since the fall of President Soeharto in 1998. Various civil liberties, such as freedom to organize, assemble, and express opinions – including press freedom – have been restored, as have such political rights as the right to vote, to be elected, and to form political parties, which has led to the creation of a multiparty system and the holding of free and democratic general elections in 1999. Indonesia can no longer be categorized as an authoritarian state as it now is a free and democratic country.

Megawati's government has also succeeded in stabilizing the country's macro-economy and monetary system. This is shown, among other things, by the relative stability of the Rupiah exchange rate against the US Dollar (around Rp 9,000), an annual inflation rate lower than 7%, increasing stock market price indices, low interest rates, a decreasing state budget deficit, the decreasing ratio of foreign debt to GDP, and decreasing numbers of poor people.

On the other hand, poverty reduction remains a critical challenge for Indonesia. Data from the Central Bureau of Statistics shows that there were 37.3 million people living in poverty in 2003, or 17.42% of the total population. However, half of Indonesia's total population, or more than 100 million people, still live in a "nearly poor" conditions, with incomes of less than 2 dollars per day. More than 10